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II

106TH CONGRESS
1ST SESSION

S. 203

To amend title XIX of the Social Security Act to provide for an equitable determination of the Federal medical assistance percentage.

IN THE SENATE OF THE UNITED STATES

JANUARY 19, 1999

Mr. MOYNIHAN introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title XIX of the Social Security Act to provide for an equitable determination of the Federal medical assistance percentage.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Equitable Federal
5 Medical Assistance Percentage Act of 1999".

6 **SEC. 2. EQUITABLE DETERMINATION OF FEDERAL MEDI-**
7 **CAL ASSISTANCE PERCENTAGE.**

8 (a) IN GENERAL.—Section 1905 of the Social Secu-
9 rity Act (42 U.S.C. 1396d) is amended by adding at the
10 end the following:

1 “(v) DETERMINATION OF EQUITABLE FEDERAL
2 MEDICAL ASSISTANCE PERCENTAGE.—

3 “(1) IN GENERAL.—Except as provided in para-
4 graph (4), the equitable Federal medical assistance
5 percentage determined under this subsection is, for
6 any State for a fiscal year, 100 percent reduced by
7 the product of 0.45 and the ratio of—

8 “(A) the State’s share of cost-adjusted
9 total taxable resources determined under para-
10 graph (2); to

11 “(B) the State’s share of program need de-
12 termined under paragraph (3).

13 “(2) DETERMINATION OF STATE’S SHARE OF
14 COST-ADJUSTED TOTAL TAXABLE RESOURCES.—

15 “(A) IN GENERAL.—For purposes of para-
16 graph (1)(A), with respect to a State, the
17 State’s share of cost-adjusted total taxable re-
18 sources is the ratio of—

19 “(i)(I) an amount equal to the most
20 recent 3-year average of the total taxable
21 resources (TTR) of the State, as deter-
22 mined by the Secretary of the Treasury;
23 divided by

24 “(II) the most recent 3-year average
25 of the State’s geographic health care cost

index (as determined under subparagraph
(B)); to

“(ii) an amount equal to the sum of
the amounts determined under clause (i)
for all States.

“(B) STATE’S GEOGRAPHIC HEALTH CARE
COST INDEX.—

“(i) IN GENERAL.—For purposes of
subparagraph (A)(i)(II), the geographic
health care cost index for a State for a fis-
cal year is the sum of—

“(I) 0.10;

“(II) 0.75 multiplied by the ratio
of—

“(aa) the most recent 3-year
average annual wages for hos-
pital employees in the State or
the District of Columbia (as de-
termined under clause (ii)); to

“(bb) the most recent 3-year
average annual wages for hos-
pital employees in the 50 States
and the District of Columbia (as
determined under that clause);
and

1 “(III) 0.15 multiplied by the
2 State’s fair market rent index (as de-
3 termined under clause (iii)).

4 “(ii) DETERMINATION OF AVERAGE
5 ANNUAL WAGES OF HOSPITAL EMPLOY-
6 EES.—The Secretary shall provide for the
7 determination of the most recent 3-year
8 average annual wages for hospital employ-
9 ees in a State or the District of Columbia
10 and, collectively, in the 50 States and the
11 District of Columbia, based on the area
12 wage data applicable to hospitals under
13 section 1886(d)(3)(E) (or, if such data no
14 longer exists, comparable data of hospital
15 wages) for discharges occurring during the
16 fiscal years involved.

17 “(iii) DETERMINATION OF FAIR MAR-
18 KET RENT INDEX.—For purposes of clause
19 (i)(III), a State’s fair market rent index is
20 the ratio of—

21 “(I) the average annual fair mar-
22 ket rent for 2-bedroom housing units
23 in the State or the District of Colum-
24 bia, to be determined by the Secretary
25 of Housing and Urban Development

1 for the most recent 3 fiscal years for
2 which data are available; to

3 “(II) the average annual fair
4 market rent for such housing units for
5 all States for such 3 fiscal years, as so
6 determined.

7 “(3) DETERMINATION OF STATE’S SHARE OF
8 PROGRAM NEED.—

9 “(A) IN GENERAL.—For purposes of para-
10 graph (1)(B), with respect to a State, the
11 State’s share of program need is the ratio of—

12 “(i) the State’s program need deter-
13 mined under subparagraph (B); to

14 “(ii) the sum of the amounts deter-
15 mined under clause (i) for all States.

16 “(B) DETERMINATION OF STATE PROGRAM
17 NEED.—

18 “(i) IN GENERAL.—For purposes of
19 subparagraph (A)(i), a State’s program
20 need is equal to the average (determined
21 for the most recent 5 fiscal years for which
22 data are available) of the sum of the prod-
23 ucts determined under clause (iv) for each
24 such fiscal year (based on the number of
25 State residents whose income is below the

1 State's cost-of-living adjusted poverty in-
2 come level (as determined under clauses
3 (ii) and (iii)).

4 “(ii) DETERMINATION OF NUMBER OF
5 STATE RESIDENTS WITH INCOMES BELOW
6 THE STATE'S COST-OF-LIVING ADJUSTED
7 POVERTY LEVEL.—

8 “(I) IN GENERAL.—For purposes
9 of clause (iv), with respect to each
10 State and the District of Columbia,
11 the number of residents whose income
12 for a fiscal year is below the State's
13 cost-of-living adjusted poverty income
14 level applicable to a family of the size
15 involved (as determined under clause
16 (iii)) shall be determined.

17 “(II) CENSUS DATA.—The deter-
18 mination of the number of residents
19 under subclause (I) shall be based on
20 data made generally available by the
21 Bureau of the Census from the Cur-
22 rent Population Survey.

23 “(iii) DETERMINATION OF STATE'S
24 COST-OF-LIVING ADJUSTED POVERTY IN-
25 COME LEVEL.—

“(I) IN GENERAL.—For purposes of clause (ii)(I), a State’s cost-of-living adjusted poverty income level is the product of—

“(aa) the United States poverty income threshold for the fiscal year involved (as defined by the Office of Management and Budget for general statistical purposes); and

“(bb) the State’s cost-of-living index (as determined under subclause (II)).

“(II) DETERMINATION OF STATE’S COST-OF-LIVING INDEX.—Subject to subclause (III), a State’s cost-of-living index is the sum of—

“(aa) 0.56; and

“(bb) the product of 0.44 and the State’s fair market rent index determined under paragraph (2)(B)(iii).

“(III) ALTERNATE METHODOLOGY.—The Commissioner of Labor Statistics may use an alternate meth-

1 odology to the formula set forth under
2 subclause (II) to determine a State's
3 cost-of-living index for purposes of
4 subclause (I)(bb) if the Commissioner
5 determines that the alternate meth-
6 odology results in a more accurate de-
7 termination of that index.

8 “(iv) WEIGHTING OF AGE CAT-
9 EGORIES OF RESIDENTS IN POVERTY TO
10 ACCOUNT FOR HIGHER COST POPU-
11 LATIONS.—For purposes of clause (i), the
12 products determined under this clause for
13 a fiscal year are the following:

14 “(I) WEIGHTING OF ELDERLY
15 RESIDENTS IN POVERTY.—The num-
16 ber of residents determined under
17 clause (ii) of the State or the District
18 of Columbia for the fiscal year who
19 have attained age 65 multiplied by
20 3.65.

21 “(II) WEIGHTING OF ADULT
22 RESIDENTS IN POVERTY.—The num-
23 ber of residents determined under
24 clause (ii) of the State or the District
25 of Columbia for the fiscal year who

1 have attained age 21 but have not at-
2 tained age 65 multiplied by 1.0.

3 “(III) WEIGHTING OF CHILDREN
4 IN POVERTY.—The number of resi-
5 dents determined under clause (ii) of
6 the State or the District of Columbia
7 for the fiscal year who have not at-
8 tained age 21 multiplied by 0.5.

9 “(4) SPECIAL RULES.—For purposes of this
10 subsection and subsection (b), the equitable Federal
11 medical assistance percentage is—

12 “(A) in the case of the District of Colum-
13 bia, the percentage determined under this sub-
14 section for the District of Columbia (without re-
15 gard to this paragraph) multiplied by 1.4.; and

16 “(B) in the case of Alaska, 59.8 percent.”.

17 (b) CONFORMING AMENDMENTS.—Section 1905(b)
18 of the Social Security Act (42 U.S.C. 1396d(b)) is
19 amended—

20 (1) in the matter preceding paragraph (1), by
21 striking “100 per centum” and all that follows
22 through “Hawaii” and inserting “the equitable Fed-
23 eral medical assistance percentage determined under
24 subsection (v)”;

1 (2) in paragraph (1), by striking “50 per cen-
2 tum or more than 83 per centum,” and inserting
3 “50 percent or more than 83 percent, and”; and

4 (3) in paragraph (2), by striking “50 per cen-
5 tum” and all that follows through the period at the
6 end of paragraph (3) and inserting “50 percent.”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this Act take effect on October 1, 1999.

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